

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION

COMMITTEE ON BUSINESS AND LABOR

Call to Order: By **CHAIRMAN JOE MCKENNEY**, on March 14, 2003 at 8:00 A.M., in Room 172 Capitol.

ROLL CALL

Members Present:

Rep. Joe McKenney, Chairman (R)
Rep. Jim Keane, Vice Chairman (D)
Rep. Donald Steinbeisser, Vice Chairman (R)
Rep. Bob Bergren (D)
Rep. Sylvia Bookout-Reinicke (R)
Rep. Nancy Fritz (D)
Rep. Dave Gallik (D)
Rep. Kathleen Galvin-Halcro (D)
Rep. Ray Hawk (R)
Rep. Bob Lawson (R)
Rep. Rick Maedje (R)
Rep. Gary Matthews (D)
Rep. Penny Morgan (R)
Rep. Allen Rome (R)
Rep. Sandy Weiss (D)
Rep. Bill Wilson (D)

Members Excused: Rep. Rod Bitney (R)
Rep. Scott Mendenhall (R)

Members Absent: None.

Staff Present: Bart Campbell, Legislative Branch
Pamela Schindler, Committee Secretary

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed. The time stamp for these minutes appears at the end of the content it refers to.

Committee Business Summary:

Hearing & Date Posted: SB 115, SB 131, SB 226, SB 229,
3/7/2003

Executive Action: SB 229-To Be Concurred In and Place
on Consent Calendar
SB 131-To Be Concurred In

HEARING ON SB 115

Sponsor: SEN. DALE MAHLUM, SD 35, Missoula, Montana

Opening Statement by Sponsor:

SEN. MAHLUM opened the hearing on SB 115 by stating to the Committee that this bill "will continue efforts to improve Montana's economy." This bill is about extending and revising the statutory appropriations for the fiscal years July 1, 2005 to June 30, 2010. This would directly affect the small business owner in Montana, who comprise approximately 20% of companies in the state.

EXHIBIT (buh54a01)

{Tape: 1; Side: A; Approx. Time Counter: 0 - 70}

Proponents' Testimony:

Dave Gibson, Governor's Office, informed the Committee that SB 115 is one of four pieces of legislation from the Governor's office. Mr. Gibson explained to the Committee the six priorities that the Governor's office is addressing this year, with four of them being in this bill.

SB 115 will not do anything for two years; but will directly impact the long-term programs that are currently in place.

{Tape: 1; Side: A; Approx. Time Counter: 70 - 168}

John Youngbird, Montana Farm Bureau, rose in support of SB 115 with the amendment proposed included in the bill.

{Tape: 1; Side: A; Approx. Time Counter: 168 - 187}

Andy Poole, State of Montana, Department of Commerce, spoke in support of this bill and gave extensive testimony to the Committee regarding the innovations of small businesses and how this bill will help them. He reiterated to the Committee that this is a long-term program.

EXHIBIT (buh54a02)

{Tape: 1; Side: A; Approx. Time Counter: 187 - 270}

Barb Broberg, Women Involved in Farm Economics, rose in support of SB 115.

{Tape: 1; Side: A; Approx. Time Counter: 270 - 284}

Cathy Conover, Montana State University (MSU), Bozeman, Montana, informed the Committee that the Montana Manufacturing Extension Center on the MSU campus has serviced over 230 projects, garnering over \$4.5 million in research grants that are matched by over \$8 million in Federal Funds.

EXHIBIT (buh54a03)

EXHIBIT (buh54a04)

EXHIBIT (buh54a05)

{Tape: 1; Side: A; Approx. Time Counter: 284 - 320}

John Bloomquist, Montana Stockgrowers Association, spoke in support of SB 115.

{Tape: 1; Side: A; Approx. Time Counter: 320 - 346}

Evan Barrett, Montana Economic Development Association, Montana Ambassadors, Butte Economic Development Council, rose in favor of SB 115. Mr. Barrett spoke of the 10-year effort that previous legislative sessions have attempted to accomplish. He also stated that he would supply to the Committee numerous letters of support for this bill.

{Tape: 1; Side: A; Approx. Time Counter: 346 - 413}

Walt Kissinger, State of Montana, Department of Agriculture, spoke in support of SB 115 with the amendment attached.

{Tape: 1; Side: A; Approx. Time Counter: 413 - 433}

Tyler Duncan, Montana Cooperative Development Council, spoke in support of SB 115.

EXHIBIT (buh54a06)

EXHIBIT (buh54a07)

{Tape: 1; Side: A; Approx. Time Counter: 433 - 500}

{Tape: 1; Side: B; Approx. Time Counter: 0 - 7}

John Semple, Montana Cattlewomens Association, rose in support of SB 115.

{Tape: 1; Side: B; Approx. Time Counter: 7 - 11}

Bob Stephens, Montana Graingrowers Association, rose in support of SB 115.

{Tape: 1; Side: B; Approx. Time Counter: 11 - 13}

Carl Schweitzer, Kalispell Chamber of Commerce, rose in support of SB 115.

{Tape: 1; Side: B; Approx. Time Counter: 13 - 17}

Gary Amestoy, Richland County Economic Development Council, rose in support of SB 115.

{Tape: 1; Side: B; Approx. Time Counter: 17 - 25}

Webb Brown, Montana Chamber of Commerce, rose in support of SB 115.

{Tape: 1; Side: B; Approx. Time Counter: 25 - 27}

Linda Beck, Big Sky Economic Development Authority, rose in support of SB 115.

{Tape: 1; Side: B; Approx. Time Counter: 27 - 33}

Chris Christiaens, Montana Farmers Union, rose in support of SB 115.

{Tape: 1; Side: B; Approx. Time Counter: 33 - 42}

Sterling Starr, Big Sky Economic Development Authority, rose in support of SB 115.

{Tape: 1; Side: B; Approx. Time Counter: 42 - 57}

Harrison Fagg, Big Sky Economic Development Authority, rose in support of SB 115.

{Tape: 1; Side: B; Approx. Time Counter: 57 - 78}

Opponents' Testimony:

Mike Barrett, Poet, spoke in opposition to SB 115.

{Tape: 1; Side: B; Approx. Time Counter: 78 - 113}

Informational Testimony: None

Questions from Committee Members and Responses:

REPS. GALLIK, WEISS, and KEANE questioned the sponsor and Mr. Gibson about the allocation of money from the Coal Tax Fund and the lost revenue from the lower balance and interest not derived due to this allocation.

{Tape: 1; Side: B; Approx. Time Counter: 113 - 268}

Closing by Sponsor:

SEN. MAHLUM closed the hearing on SB 115 by stating that SB 115 is good for the future of Montana.

{Tape: 1; Side: B; Approx. Time Counter: 268 - 337}

HEARING ON SB 131

Sponsor: SEN. GREG BARKUS, SD 39, Kalispell, Montana

Opening Statement by Sponsor:

SEN. BARKUS opened the hearing on SB 131 by informing the Committee that this bill was brought forth at the request of the Governor. SB 115 would allow the Montana Board of Investments to purchase loans for the Board's revolving fund.

The Montana Board of Investments presently manages 39 revolving funds for a total of \$40 million; with small businesses and start-up businesses being the recipients of these loans.

{Tape: 1; Side: B; Approx. Time Counter: 337 - 398}

Proponents' Testimony:

Dave Gibson, Governor's Office, rose in support of SB 131. Mr. Gibson spoke of the four stages that small businesses must often go through to raise capital for their companies.

- 1) They may have their own capital to fund their "start-up" business.

- 2) They may use the "family and friends" approach.
- 3) They eventually reach the "venture capital" stage; where they may have non-traditional lenders willing to invest.
- 4) They finally mature to the stage where traditional lenders, i.e., banks, etc. are willing to provide the capital.

The Committee heard further testimony from Mr. Gibson regarding the investor and the usual close proximity of that investor to their investment, and some of the rules and/or procedures that the Montana Board of Investments will require of businesses seeking capital.

{Tape: 1; Side: B; Approx. Time Counter: 398 - 500}

{Tape: 2; Side: A; Approx. Time Counter: 0 - 50}

Evan Barrett, Butte Local Development Council, Montana Economic Development Association, spoke to the Committee about the economic value of the Montana Board of Investments and their ability to lend money to small businesses. **Mr. Barrett** stated that obviously if traditional lenders would loan these "start-up" companies the capital they needed, this bill would not be necessary. He informed the Committee that there are matching funds to the money loaned, they are three-to-one Federal monies to State monies.

EXHIBIT (buh54a08)

EXHIBIT (buh54a09)

{Tape: 2; Side: A; Approx. Time Counter: 50 - 102}

Andy Poole, State of Montana, Department of Commerce, spoke to the Committee about how prudent the Montana Board of Investments is. **Mr. Poole** also spoke about Page 1, Line 18, regarding intermediary loans and Page 2, Line 3, dealing with how the "Board" will be able to purchase a portion of the loan.

{Tape: 2; Side: A; Approx. Time Counter: 102 - 126}

Tracey Jette, Bear Paw Development, spoke in support of SB 131.

{Tape: 2; Side: A; Approx. Time Counter: 126 - 138}

Webb Brown, Montana Chamber of Commerce, rose in favor of SB 131.

{Tape: 2; Side: A; Approx. Time Counter: 138 - 145}

Gary Amestoy, Richland Economic Development Council, rose in favor of SB 131.

{Tape: 2; Side: A; Approx. Time Counter: 145 - 148}

Linda Beck, Big Sky Economic Development Authority, rose in favor of SB 131.

{Tape: 2; Side: A; Approx. Time Counter: 148 - 157}

Sterling Starr, Big Sky Economic Development Authority, rose in favor of SB 131.

{Tape: 2; Side: A; Approx. Time Counter: 157 - 169}

Opponents' Testimony: None

Informational Testimony:

Tim Ryan, USDA Rural Development, spoke to the Committee about SB 131 and his availability for questions.

Questions from Committee Members and Responses:

REP. BOOKOUT-REINICKE questioned the sponsor and Mr. Gibson about the Montana Board of Investments and the Boards' procedure for only purchasing a portion of the loans to small business owners.

{Tape: 2; Side: A; Approx. Time Counter: 185 - 209}

Closing by Sponsor:

SEN. BARKUS closed the hearing on SB 131.

{Tape: 2; Side: A; Approx. Time Counter: 209 - 230}

HEARING ON SB 229

Sponsor: SEN. FRED THOMAS, SD 31, Stevensville, Montana

Opening Statement by Sponsor:

SEN. THOMAS opened the hearing on SB 229 by stating that this bill will address the construction bonds that are required in this state and purchase of these bonds from certain sources. He further stated that 44 other states have this same statute.

{Tape: 2; Side: A; Approx. Time Counter: 230 - 287}

Proponents' Testimony:

Dennis Iverson, Montana Contractors Association, spoke in favor of this bill.

{Tape: 2; Side: A; Approx. Time Counter: 287 - 310}

Carl Schweitzer, Association of Sub-Contractors, rose in support of 229.

{Tape: 2; Side: A; Approx. Time Counter: 310 - 312}

Opponents' Testimony: None

Informational Testimony: None

Questions from Committee Members and Responses: None

Closing by Sponsor:

SEN. THOMAS closed the hearing on SB 229. In his closing he also corrected a technical mistake in Line 24, changing the word "agent" to insurance producer.

{Tape: 2; Side: A; Approx. Time Counter: 312 - 316}

HEARING ON SB 226

Sponsor: SEN. BOB DEPRATU, SD 40, Whitefish, Montana

Opening Statement by Sponsor:

SEN. DEPRATU opened the hearing on SB 226 by informing the Committee that this bill will address the problem that landlords face when trying to evict tenants involved with the drug trade. The current statute provides that the tenants must be given 30-days notice to vacate the premises while this bill will allow a 3-day notice to be given.

{Tape: 2; Side: A; Approx. Time Counter: 316 - 407}

Proponents' Testimony:

Chris Christiaens, Montana Landlord Association, rose in favor of SB 226. Mr. Christiaens informed the Committee that in 2001, there were 33 "meth" labs in Montana, currently there are now over 200. The current Federal law is that if someone living in government housing is convicted of drug trafficking or having a

"meth" lab in residence, they are banned from ever living in federal housing again. Currently in Montana, landlords are not allowed to ban tenants for those reasons. Landlords currently are liable for the housing and health problems related to "meth" labs and/or the subsequent problems resulting from those operations by the future or even present tenants.

{Tape: 2; Side: A; Approx. Time Counter: 407 - 500}

{Tape: 2; Side: B; Approx. Time Counter: 0 - 17}

Carmen Worstell, Havre Landlord Association, spoke in favor of SB 226.

{Tape: 2; Side: B; Approx. Time Counter: 17 - 27}

Roger Halver, Montana Association of Realtors, spoke in favor of SB 226.

{Tape: 2; Side: B; Approx. Time Counter: 27 - 44}

Opponents' Testimony:

Mike Barrett, Poet, spoke in opposition to SB 226.

{Tape: 2; Side: B; Approx. Time Counter: 27 - 44}

Informational Testimony: None

Questions from Committee Members and Responses:

REPS. GALLIK, GALVIN-HALCRO and LAWSON asked several questions of the sponsor, Mr. Halver and Mr. Christiaens regarding the mandatory disclosure to future tenants or property buyers that a "meth" lab was operated in the property previously, and whether the person or persons were just arrested or if they needed to be convicted for this disclosure to be provided.

{Tape: 2; Side: B; Approx. Time Counter: 44 - 168}

Closing by Sponsor:

SEN. DEPRATU closed the hearing on SB 226 by stating, "This is a common-sense bill."

{Tape: 2; Side: B; Approx. Time Counter: 168 - 180}

EXECUTIVE ACTION ON SB 229

Motion/Vote: REP. KEANE moved that SB 229 BE CONCURRED IN.
Motion carried unanimously. (voice vote)

Motion/Vote: REP. ROME moved SB 229 to be PLACED ON THE CONSENT
CALENDAR . Motion carried unanimously. (voice vote)

{Tape: 2; Side: B; Approx. Time Counter: 180 - 202}

EXECUTIVE ACTION ON SB 131

Motion/Vote: REP. MORGAN moved that SB 131 BE CONCURRED IN.
Motion carried unanimously. (voice vote)

Motion/Vote: REP. GALVIN-HALCRO moved SB 131 to be PLACED ON THE
CONSENT CALENDAR . Motion carried 17-1 with REP. KEANE voting no.
(voice vote) (Though the motion carried, the bill was not placed
on the consent calendar according to House Rules H40-110(b)
requiring a unanimous vote on such a motion.)

{Tape: 2; Side: B; Approx. Time Counter: 202 - 223}

EXECUTIVE ACTION ON SB 115

Motion: REP. MORGAN moved that SB 115 BE CONCURRED IN.

Discussion:

REP. WEISS stated that she personally needed to look at another
bill, HB 177, before she could consider SB 115, and REP. KEANE
stated he has amendments that he needed to attach. REP. MORGAN
then withdrew her motion for passage of SB 115.

{Tape: 2; Side: B; Approx. Time Counter: 223 - 251}

ADJOURNMENT

Adjournment: 10:09 A.M.

REP. JOE MCKENNEY, Chairman

PAMELA SCHINDLER, Secretary

JM/PS

EXHIBIT (buh54aad)